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NORTHERN DISTRICT OF CALIFORNIA

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JW

**UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA**

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TIMOTHY W. HILL, Derivatively on Behalf of Case No.:  
Nominal Defendant JUNIPER NETWORKS,  
INC.,

**SHAREHOLDER DERIVATIVE  
COMPLAINT**

Plaintiff,

vs.

MARCEL GANI, STEVEN HALEY,  
WILLIAM R. HEARST III, SCOTT KRIENS,  
STRATTON SCLAVOS, PRADEEP SINDHU,  
WILLIAM R. STENSRUD, AND PETER  
WEXLER,

Defendants,

and

JUNIPER NETWORKS, INC.,

**JURY TRIAL DEMANDED**

Nominal Defendant.

1 Plaintiff, by his attorneys, submits this Derivative Complaint (the “Complaint”) against  
2 the defendants named herein.

3 **NATURE AND SUMMARY OF THE ACTION**

4 1. This is a shareholder’s derivative action brought for the benefit of nominal  
5 defendant Juniper Networks, Inc. (“Juniper” or the “Company”) against certain members of its  
6 Board of Directors (the “Board”) and certain of its executive officers seeking to remedy  
7 defendants’ breaches of fiduciary duties, unjust enrichment, statutory violations, and other  
8 violations of law.

9 2. In gross breach of their fiduciary duties as officers and/or directors of Juniper,  
10 the Individual Defendants (as defined herein) colluded with one another to:

- 11 a. improperly backdate grants of Juniper stock options to Juniper  
12 Chief Executive Officer Scott Kriens and several other Juniper  
13 executives, in violation of the Company’s shareholder-approved  
stock option plans;
- 14 b. improperly record and account for the backdated stock options, in  
15 violation of Generally Accepted Accounting Principles;
- 16 c. improperly take tax deductions based on the backdated stock  
options, in violation of Section 162(m) of the Tax Code;
- 17 d. produce and disseminate to Juniper shareholders and the market  
18 false financial statements and other SEC filings that improperly  
19 recorded and accounted for the backdated option grants and  
concealed the improper backdating of stock options.

20 3. As a result of the Individual Defendants’ egregious misconduct, Juniper has  
21 sustained millions of dollars in damages, and Kriens and the other recipients of the backdated  
22 stock options have garnered millions of dollars in unlawful profits.

23 **JURISDICTION AND VENUE**

24 4. This Court has jurisdiction over this action pursuant to 28 U.S.C. § 1331 in that  
25 this Complaint states a federal question. This Court also has jurisdiction over this action  
26 pursuant to 28 U.S.C. § 1332(a)(2) in that Plaintiff and Defendants are citizens of different  
27 states and the matter in controversy exceeds \$75,000.00, exclusive of interests and costs. This  
28 Court has supplemental jurisdiction over the state law claims asserted herein pursuant to

1 28 U.S.C. §1367(a). This action is not a collusive one to confer jurisdiction on a court of the  
2 United States which it would not otherwise have.

3 5. Venue is proper in this district because a substantial portion of the transactions  
4 and wrongs complained of herein, including the defendants' primary participation in the  
5 wrongful acts detailed herein, occurred in this district. One or more of the defendants either  
6 resides in or maintains executive offices in this district, and defendants have received  
7 substantial compensation in this district by engaging in numerous activities and conducting  
8 business here, which had an effect in this district.

9 **PARTIES**

10 6. Plaintiff Timothy W. Hill, a citizen of the State of Massachusetts, is, and was at  
11 all relevant times, a shareholder of nominal defendant Juniper.

12 7. Nominal defendant Juniper is a Delaware corporation with its principal  
13 executive offices located at 1194 North Matilda Avenue, Sunnyvale, California 94089.  
14 According to its public filings, Juniper is a leading provider of purpose-built Internet  
15 infrastructure solutions that meet the scalability, performance, density and compatibility  
16 requirements of rapidly evolving, optically-enabled Internet Protocol (IP) networks.

17 8. Defendant Scott Kriens ("Kriens") served as the Chairman of the Board and as  
18 President and Chief Executive Officer of the Company at all times relevant hereto. Upon  
19 information and belief, Kriens is a citizen of the State of California.

20 9. Defendant Pradeep Sindhu ("Sindu"), a co-founder of Juniper, served as Vice  
21 Chairman of the Board and as Chief Technical Officer of Juniper at all times relevant hereto.  
22 Upon information and belief, Sindu is a citizen of the State of California.

23 10. Defendant Marcel Gani ("Gani") served as Chief Financial Officer of Juniper at  
24 all times relevant hereto. Upon information and belief, Gani is a citizen of the State of  
25 California.

26 11. Defendant Steven Haley ("Haley") served as Juniper's Vice President of  
27 Worldwide Sales and Service at all times relevant hereto. Upon information and belief, Haley  
28 is a citizen of the State of California.

1           12. Defendant Peter Wexler (“Wexler”) served as Juniper’s Vice President of  
2 Engineering at all times relevant hereto. Upon information and belief, Wexler is a citizen of  
3 the State of California.

4           13. Collectively, defendants Kriens, Sindhu, Gani, Haley, and Wexler are referred  
5 to herein as the “Officer Defendants.”

6           14. Defendant William R. Hearst III (“Hearst”) has served as a director of Juniper  
7 and as a member of the Audit Committee of the Board (the “Audit Committee”) at all relevant  
8 times hereto. Upon information and belief, Hearst is a citizen of the State of California.

9           15. Defendant Stratton Sclavos (“Sclavos”) has served as a director of Juniper since  
10 2000. Sclavos served as a member of the Audit Committee from 2000 to 2003. Upon  
11 information and belief, Sclavos is a citizen of the State of California.

12           16. Defendant William R. Stensrud (“Stensrud”) has served as a director of Juniper  
13 and a member of the Compensation Committee of the Board (the “Compensation Committee”) at all relevant times hereto. Upon information and belief, Stensrud is a citizen of the State of  
14 California.  
15

16           17. Collectively, defendants Hearst, Sclavos, and Stensrud are referred to herein as  
17 the “Committee Defendants.”

18           18. Collectively, the Officer Defendants and Committee Defendants are referred to  
19 herein as the “Individual Defendants.”

20                           **DUTIES OF THE INDIVIDUAL DEFENDANTS**

21           19. By reason of their positions as officers and/or directors of the Company and  
22 because of their ability to control the business and corporate affairs of the Company, the  
23 Individual Defendants owed the Company and its shareholders the fiduciary obligations of  
24 good faith, trust, loyalty, and due care, and were and are required to use their utmost ability to  
25 control and manage the Company in a fair, just, honest, and equitable manner. The Individual  
26 Defendants were and are required to act in furtherance of the best interests of the Company and  
27 its shareholders so as to benefit all shareholders equally and not in furtherance of their personal  
28 interest or benefit. Each director and officer of the Company owes to the Company and its

1 shareholders the fiduciary duty to exercise good faith and diligence in the administration of the  
2 affairs of the Company and in the use and preservation of its property and assets, and the  
3 highest obligations of fair dealing.

4 20. The Individual Defendants, because of their positions of control and authority as  
5 directors and/or officers of the Company, were able to and did, directly and/or indirectly,  
6 exercise control over the wrongful acts complained of herein.

7 21. To discharge their duties, the officers and directors of the Company were  
8 required to exercise reasonable and prudent supervision over the management, policies,  
9 practices and controls of the Company. By virtue of such duties, the officers and directors of  
10 the Company were required to, among other things:

- 11 a. exercise good faith in ensuring that the affairs of the Company were  
12 conducted in an efficient, business-like manner so as to make it possible  
13 to provide the highest quality performance of their business;
- 14 b. exercise good faith in ensuring that the Company was operated in a  
15 diligent, honest and prudent manner and complied with all applicable  
16 federal and state laws, rules, regulations and requirements, including  
17 acting only within the scope of its legal authority;
- 18 c. exercise good faith in supervising the preparation, filing and/or  
19 dissemination of financial statements, press releases, audits, reports or  
20 other information required by law, and in examining and evaluating any  
21 reports or examinations, audits, or other financial information  
22 concerning the financial condition of the Company; and
- 23 d. exercise good faith in ensuring that the Company's financial statements  
24 were prepared in accordance with Generally Accepted Accounting  
25 Principles ("GAAP"); and
- 26 e. refrain from unduly benefiting themselves and other Company insiders at the  
27 expense of the Company.

28 22. The Individual Defendants were responsible for maintaining and establishing  
adequate internal accounting controls for the Company and to ensure that the Company's  
financial statements were based on accurate financial information. According to GAAP, to  
accomplish the objectives of accurately recording, processing, summarizing, and reporting  
financial data, a corporation must establish an internal accounting control structure. Among  
other things, the Individual Defendants were required to:

- 1 (1) make and keep books, records, and accounts, which, in reasonable detail,  
2 accurately and fairly reflect the transactions and dispositions of the  
3 assets of the issuer; and  
4 (2) devise and maintain a system of internal accounting controls sufficient to  
5 provide reasonable assurances that –  
6 (a) transactions are executed in accordance with management’s  
7 general or specific authorization;  
8 (b) transactions are recorded as necessary to permit preparation of  
9 financial statements in conformity with [GAAP].

10 23. Juniper’s Audit Committee Charter provides that the Audit Committee shall be  
11 responsible for, among other things,

- 12 a. Overseeing the internal audit function and reviewing, on a continuing  
13 basis, the adequacy of the Company’s system of internal controls,  
14 including meeting periodically with the Company’s management and the  
15 independent auditors to review the adequacy of such controls and to  
16 review before release the disclosure regarding such system of internal  
17 controls required under SEC rules to be contained in the Company’s  
18 periodic filings and the attestations or reports by the independent  
19 auditors relating to such disclosure; and  
20 b. Reviewing, approving and monitoring the Company’s Worldwide Code  
21 of Business Conduct and Ethics.

## 22 **FACTUAL ALLEGATIONS**

### 23 **Stock Option Grants to the Officer Defendants**

24 24. At all times relevant hereto the Compensation Committee determined the  
25 salaries, incentive compensation, and stock option awards for the Officer Defendants and  
26 administered the Company’s stock option plans.

27 25. In 1999 and 2000, the Compensation Committee granted certain Juniper stock  
28 options to the Officer Defendants, as follows:<sup>1</sup>

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<sup>1</sup> Exercise prices and numbers of options are not adjusted for the Company’s 3-for-1  
stock split effective January 18, 2000 and its 2-for-1 stock split effective June 16, 2000.

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<u>Officer</u>	<u>Purported Date of Grant</u>	<u>Exercise Price</u>	<u>Number of Options</u>
Kriens	10/4/99	\$60.71	900,000
	12/21/00	\$93.9375	400,000
Sindhu	10/4/99	\$60.71	540,000
	12/21/00	\$93.9375	100,000
Gani	10/4/99	\$60.71	240,000
	10/28/97	\$93.9375	100,000
Haley	10/4/99	\$60.71	315,000
	12/21/00	\$93.9375	100,000
Wexler	10/4/99	\$60.71	240,000
	12/21/00	\$93.9375	100,000

26. Pursuant to the terms of the Company’s shareholder-approved stock option plans, the exercise price of options must be no less than the closing price of Juniper stock on the date of grant.

27. Pursuant to APB 25, the applicable GAAP provision at the time of the foregoing stock option grants, if the market price on the date of grant exceeds the exercise price of the options, the company must recognize the difference as an expense.

28. Pursuant to Section 162(m) of the Tax Code, 26 U.S.C. § 162(m) (“Section 162(m)”), compensation in excess of \$1 million per year, including gains on stock options, paid to a corporation’s five most highly-compensated officers is tax deductible only if: (i) the compensation is payable solely on account of the attainment of one or more performance goals; (ii) the performance goals are determined by a compensation committee comprised solely of two or more outside directors, (iii) the material terms under which the compensation is to be paid, including the performance goals, are disclosed to shareholders and approved by a majority of the vote in a separate shareholder vote before the payment of the compensation, and (iv) before any payment of such compensation, the compensation committee certifies that the performance goals and any other material terms were in fact satisfied.

29. All of the foregoing stock option grants was dated just after a sharp drop and just before a substantial rise in Juniper's stock price, as demonstrated in the following chart:

<b>Purported Date of Grant</b>	<b>Exercise Price</b>	<b>Stock Price 10 Trading Days Before Grant</b>	<b>Stock Price 10 Trading Days After Grant</b>	<b>% Rise in Stock Price After Grant</b>
10/4/99	\$60.71	\$61.00	\$74.25	22.3%
12/21/00	\$93.9375	\$148.875	\$115.484	22.9%

30. The reason for the pattern set forth in the preceding paragraph is that the purported grant dates set forth therein were not the actual dates on which the stock option grants were made. Rather, at the behest of the Officer Defendants, the Committee Defendants improperly backdated the stock option grants to make it appear as though the grants were made on dates when the market price of Juniper stock was lower than the market price on the actual grant dates. This improper backdating, which violated the terms of the Company's shareholder-approved stock option plans, resulted in option grants with lower exercise prices, which improperly increased the value of the options to the Officer Defendants and improperly reduced the amounts the Officer Defendants had to pay the Company upon exercise of the options.

#### **Dissemination of False Financial Statements**

31. As a result of the improper backdating of stock options, the Company, with the knowledge, approval, and participation of each of the Individual Defendants,

- a. violated the terms of the Company's shareholder-approved stock option plans;
- b. violated GAAP by failing to recognize compensation expenses incurred when the improperly backdated options were granted;
- c. violated Section 162(m) by taking tax deductions based on stock option grants that were not payable solely on account of the attainment of one or more performance goals and violated the terms of the Company's shareholder-approved stock option plans; and
- d. produced and disseminated to Juniper shareholders and the market false financial statements that improperly recorded and accounted for the backdated option grants.

1           32.     The Company, with the knowledge, approval, and participation of each of the  
2 Individual Defendants, disseminated its false financial statements in, *inter alia*, the following  
3 Form 10-K filings:

- 4                   a.     Form 10-K for fiscal year ended December 31, 1999, filed with  
5 the SEC on March 29, 2000 and signed by defendants Kriens,  
6 Sindhu, Gani, Hearst, and Stensrud;  
7                   b.     Form 10-K for fiscal year ended December 31, 2000, filed with  
8 the SEC on March 27, 2001 and signed by defendants Kriens,  
9 Sindhu, Gani, Hearst, Sclavos and Stensrud.

10           33.     Furthermore, from 1999 to 2005, the Company, with the knowledge, approval,  
11 and participation of each of the Individual Defendants, for the purpose and with the effect of  
12 concealing the improper option backdating:

- 13                   a.     disseminated to shareholders and filed with the SEC annual  
14 proxy statements that falsely reported the dates of stock option  
15 grants to the Officer Defendants; and  
16                   b.     filed with the SEC Form 4 filings that falsely reported the dates  
17 of stock option grants to Officer Defendants.

18           34.     On May 19, 2006, *TheStreet.com* published an article under the headline  
19 “Option Talk Hits Juniper, F5” that described the stock option backdating practices by Juniper:

20                   Analysts sorting through public filings found that option grants at Juniper and  
21 F5 were repeatedly priced over seven years at the stocks' monthly lows. To  
22 market watchers, these patterns suggest that the options could have been timed  
23 or backdated to maximize their value to company executives.

24                   Wall Street, already jittery over inflation news, has shown little sympathy for  
25 companies that have come under scrutiny in a growing options-backdating  
26 scandal.

27                   Shares of Juniper fell 4% Thursday and F5 has slid 12% in the past three days  
28 on worries that these stock-option grants will invite investigations and costly  
legal battles.

                  The notion that fat cat executives could be lapping up even more cream from the  
stock-option bowl through questionable moves emerged earlier this year.

                  On March 18, The Wall Street Journal reported that the Securities and Exchange  
Commission was examining about a dozen companies for possible options  
backdating. In the story, the paper pointed to executives including Bill McGuire,  
CEO of UnitedHealth ([UNH:NYSE](#) - [news](#) - [research](#) - [Cramer's Take](#)), and Jeff

1 Rich, CEO of Affiliated Computer Services (ACS:NYSE - news - research -  
2 Cramer's Take), who appear to have benefited from a pattern of grant timings.

3 Shares of UnitedHealth and Affiliated Computer are both down 18% since the  
4 story broke. UnitedHealth received a subpoena Wednesday from the U.S.  
5 attorney for the Southern District of New York requesting stock-option  
6 documents dating back to 1999.

7 Juniper and F5 were pulled into the options-timing spotlight this week after  
8 analysts flagged patterns of questionable grant dates. Accounting muckrakers at  
9 Center for Financial Research and Analysis identified 17 companies that may  
10 have to explain some troublesome option datings.

11 And JPMorgan analyst Ehud Gelblum released a report Thursday reviewing  
12 executive-option grants for 14 companies dating back to 1998. Three of the  
13 companies -- Motorola (MOT:NYSE - news - research - Cramer's Take),  
14 Juniper and F5 -- show a suspicious pattern of grants at their stock's low for a  
15 given month. Gelblum says Motorola doesn't seem to indicate a high possibility  
16 for manipulation, since it issued grants on the first Monday of May for three of  
17 the four years that happened to be the stock's low. But Juniper and F5 may have  
18 a harder time explaining their practices.

19 At networking switch maker F5, six out of the 10 options granted to executives  
20 since 1998 were dated when the stock was at its lowest level in a month. F5  
21 representatives didn't return calls or an email seeking comment.

22 Six out of 15 grants to executives at Internet gearmaker Juniper occurred on  
23 exactly the lowest day for the stock in each given month, says Gelblum, who  
24 declined to offer an opinion on the transactions.

25 A Juniper representative said it was too early to comment. "We need to go back  
26 to figure out why those grants were given on a particular day, and we are in the  
27 process of doing that," the rep said.

28 Observers say ideally, option granting dates should be arbitrary and have no  
consistent relationship to the highs and lows of the stock price. Or better yet,  
grants could be dated at the same time each year to avoid any impression of  
favorable timing.

Executives and compensation committees that arrange for the option to have the  
best date effectively add millions of dollars of value of the stock should the  
price go up. It's an unfair advantage, say investors.

"If these dudes were timing, that is simply wrong and immoral," says one New  
York money manager. "If their board of directors let them -- then that is simply  
ridiculous and a major breach of fiduciary duty."

1                   **THE INDIVIDUAL DEFENDANTS' BREACHES OF FIDUCIARY DUTIES**

2           35.     The Officer Defendants breached their fiduciary duties by:

- 3                   a.     colluding with the Committee Defendants to backdate stock option  
4                             grants;
- 5                   b.     colluding with the Committee Defendants to violate GAAP and Section  
6                             162(m);
- 7                   c.     colluding with the Committee Defendants to produce and disseminate to  
8                             Juniper shareholders and the market false financial statements that  
9                             improperly recorded and accounted for the backdated option grants and  
10                            concealed the improper backdating of stock options; and
- 11                   d.     colluding with the Committee Defendants to file false proxy statements  
12                            and false Form 4 filings in order to conceal the improper backdating of  
13                            stock options.

14           36.     The Officer Defendants' foregoing misconduct was not, and could not have  
15                   been, an exercise of good faith business judgment. Rather, it was intended to, and did, unduly  
16                   benefit the Officer Defendants at the expense of the Company.

17           37.     The Committee Defendants breached their fiduciary duties by:

- 18                   a.     colluding with the Officer Defendants to backdate stock option grants;
- 19                   b.     colluding with the Officer Defendants to violate GAAP and Section  
20                             162(m);
- 21                   c.     colluding with the Officer Defendants to produce and disseminate to  
22                             Juniper shareholders and the market false financial statements that  
23                             improperly recorded and accounted for the backdated option grants and  
24                             concealed the improper backdating of stock options; and
- 25                   d.     colluding with the Officer Defendants to file false proxy statements and  
26                            false Form 4 filings in order to conceal the improper backdating of stock  
27                            options.

28           38.     The Committee Defendants' foregoing misconduct was not, and could not have  
29                   been, an exercise of good faith business judgment. Rather, it was intended to, and did, unduly  
30                   benefit the Officer Defendants at the expense of the Company.

31           39.     As a direct and proximate result of the Individual Defendants' foregoing  
32                   breaches of fiduciary duties, the Company has sustained millions of dollars in damages,

1 including, but not limited to, the additional compensation expenses and tax liabilities the  
2 Company was required to incur and loss of funds paid to the Company upon exercise of  
3 options.

4 **DERIVATIVE AND DEMAND EXCUSED ALLEGATIONS**

5 40. Plaintiff brings this action derivatively in the right and for the benefit of the  
6 Company to redress defendants' breaches of fiduciary duties and unjust enrichment.

7 41. Plaintiff is an owner of Juniper common stock and was an owner of Juniper  
8 common stock at all times relevant hereto.

9 42. Plaintiff will adequately and fairly represent the interests of the Company and its  
10 shareholders in enforcing and prosecuting its rights.

11 43. As a result of the facts set forth herein, plaintiff has not made any demand on  
12 the Juniper Board of Directors to institute this action against the Individual Defendants. Such  
13 demand would be a futile and useless act because the Board is incapable of making an  
14 independent and disinterested decision to institute and vigorously prosecute this action.

15 44. The Board currently consists of nine directors: defendants Kriens, Sindhu,  
16 Stensrud, Sclavos, and Hearst, and directors Robert M. Calderoni, Kenneth Goldman,  
17 Frank Marshall, and Kenneth Levy. The following directors are incapable of independently  
18 and disinterestedly considering a demand to commence and vigorously prosecute this action:

- 19 a. Kriens and Sindhu, because they are directly interested in the improperly  
20 backdated stock option grants complained of herein;
- 21 b. Stensrud, Sclavos, and Hearst because as members of the Compensation  
22 Committee and/or the Audit Committee, they directly participated in and  
23 approved the misconduct alleged herein and are substantially likely to be  
24 held liable for breaching their fiduciary duties, as alleged herein.  
25 Moreover, by colluding with the Officer Defendants, as alleged herein,  
26 Stensrud, Sclavos, and Hearst have demonstrated that they are unable or  
27 unwilling to act independently of the Officer Defendants.

28 45. Furthermore, demand is excused because the misconduct complained of herein  
was not, and could not have been, an exercise of good faith business judgment.

1 **COUNT I**

2 **AGAINST THE INDIVIDUAL DEFENDANTS**  
3 **FOR BREACH OF FIDUCIARY DUTY**

4 46. Plaintiff incorporates by reference all preceding and subsequent paragraphs as if  
5 set forth fully herein.

6 47. As alleged in detail herein, each of the Individual Defendants had a fiduciary  
7 duty to refrain from unduly benefiting themselves and other Company insiders at the expense  
8 of the Company.

9 48. As alleged in detail herein, the Officer Defendants breached their fiduciary  
10 duties by:

- 11 a. colluding with the Committee Defendants to backdate stock option  
12 grants;
- 13 b. colluding with the Committee Defendants to violate GAAP and Section  
14 162(m);
- 15 c. colluding with the Committee Defendants to produce and disseminate to  
16 Juniper shareholders and the market false financial statements that  
17 improperly recorded and accounted for the backdated option grants and  
18 concealed the improper backdating of stock options; and
- 19 d. colluding with the Committee Defendants to file false proxy statements  
20 and false Form 4 filings in order to conceal the improper backdating of  
21 stock options.

22 49. The Officer Defendants' foregoing misconduct was not, and could not have  
23 been, an exercise of good faith business judgment. Rather, it was intended to, and did, unduly  
24 benefit the Officer Defendants at the expense of the Company.

25 50. The Committee Defendants breached their fiduciary duties by:

- 26 a. colluding with the Officer Defendants to backdate stock option grants;
- 27 b. colluding with the Officer Defendants to violate GAAP and Section  
28 162(m);
- c. colluding with the Officer Defendants to produce and disseminate to  
Juniper shareholders and the market false financial statements that  
improperly recorded and accounted for the backdated option grants and  
concealed the improper backdating of stock options; and

1  
2 d. colluding with the Officer Defendants to file false proxy statements and  
3 false Form 4 filings in order to conceal the improper backdating of stock  
options.

4 51. The Committee Defendants' foregoing misconduct was not, and could not have  
5 been, an exercise of good faith business judgment. Rather, it was intended to, and did, unduly  
6 benefit the Officer Defendants at the expense of the Company.

7 52. As a direct and proximate result of the Individual Defendants' foregoing  
8 breaches of fiduciary duties, the Company has sustained millions of dollars in damages,  
9 including, but not limited to, the additional compensation expenses and tax liabilities the  
10 Company was required to incur and loss of funds paid to the Company upon exercise of  
11 options.

12 **COUNT II**

13 **AGAINST THE INDIVIDUAL DEFENDANTS**  
14 **FOR VIOLATION OF SECTION 10(b) OF THE SECURITIES**  
15 **EXCHANGE ACT AND RULE 10b-5 PROMULGATED THEREUNDER**

16 53. Plaintiff incorporates by reference all preceding and subsequent paragraphs as if  
17 set forth fully herein.

18 54. Each of the Individual Defendants intentionally or recklessly employed devices,  
19 schemes, and artifices to defraud and engaged in acts, practices, and a course of business which  
20 operated as a fraud and deceit upon the Company.

21 55. The Company relied upon the Individual Defendants' fraud in granting the  
22 Officer Defendants options to purchase shares of Juniper common stock.

23 56. As a direct and proximate result of the Individual Defendants' fraud the  
24 Company has sustained millions of dollars in damages, including, but not limited to, the  
25 additional compensation expenses and tax liabilities the Company was required to incur and  
26 loss of funds paid to the Company upon exercise of options.

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**COUNT III**  
**AGAINST THE OFFICER DEFENDANTS**  
**FOR UNJUST ENRICHMENT**

57. Plaintiff incorporates by reference all preceding and subsequent paragraphs as if set forth fully herein.

58. The Officer Defendants were unjustly enriched by their receipt and retention of backdated stock option grants, as alleged herein, and it would be unconscionable to allow them to retain the benefits thereof.

59. To remedy the Officer Defendants' unjust enrichment, the Court should order them to disgorge to the Company all of the backdated stock options they received, including the proceeds of any such options that have been exercised, sold, pledged, or otherwise monetized.

WHEREFORE, Plaintiff demands judgment as follows:

- A. Against all of the Individual Defendants and in favor of the Company for the amount of damages sustained by the Company as a result of the Individual Defendants' breaches of fiduciary duties and statutory violations;
- B. Ordering the Officer Defendants to disgorge to the Company all of the backdated stock options they received, including the proceeds of any such options that have been exercised, sold, pledged, or otherwise monetized;
- C. Granting appropriate equitable relief to remedy Defendants' breaches of fiduciary duties;
- D. Awarding to plaintiff the costs and disbursements of the action, including reasonable attorneys' fees, accountants' and experts' fees, costs, and expenses; and
- E. Granting such other and further relief as the Court deems just and proper.

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Dated: May 24, 2006

**GREEN WELLING, LLP**

By:

  
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*Attorneys for Plaintiff*

**VERIFICATION**

I, **Timothy W. Hill** hereby verify that I have reviewed the Complaint and authorized its filing and that the foregoing is true and correct to the best of my knowledge, information and belief.

DATE:

5/22/06

  
**TIMOTHY W. HILL**